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Supreme Court, U.S.
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No. 00-1134

IN THE
Supreme Court of the United States

PRIMETIME 24 JOINT VENTURE,
Petitioner,

v.

NATIONAL FOOTBALL LEAGUE,
Respondent.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

PETITIONER'S REPLY BRIEF

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In its opposition to PrimeTime 24's Petition, the NFL does not dispute that (1) following Ninth Circuit precedent would have produced a different result in this case; (2) the Second Circuit purports to prohibit under U.S. law what Canadian law expressly permits; and (3) this case presents issues of overarching importance in our increasingly transnational information age. Instead, the NFL argues that there is no "intolerable" conflict among the circuits, and that the Second Circuit was correct that an otherwise legal transmission to satellite, viewed by no one, can be deemed an infringing "public" performance under the United States Copyright Act if it is a "link in the chain" by which the transmission is ultimately viewed in Canada. The NFL also suggests, though the Second Circuit did not agree, that the Satellite Home Viewer Act, a statute concerned solely with domestic satellite retransmission rights, prohibits the transnational retransmission of satellite signals. These assertions are refuted by the case law, the plain language of the Copyright Act and the legislative history of the Act. The writ should be granted.

A. There Is A Clear Conflict Among The Circuits Requiring The Intervention Of This Court.

The NFL does not contest that this case would have been resolved in PrimeTime 24's favor if the Second Circuit had followed the leading Ninth Circuit precedent, *Allarcom Pay Television v. General Instrument Corp.*, 69 F.3d 381 (9th Cir. 1995). Faced with this clear conflict between two key circuits on copyright matters, the NFL attempts to marginalize the Ninth Circuit's decision in *Allarcom* by suggesting for the first time in these proceedings (at 4-5) that the relevant language in *Allarcom* is dictum, and by arguing that *Allarcom* is an insignificant decision that can be cast aside. Neither assertion is true.

First, the NFL has evidently misunderstood the meaning of the term dictum—a judicial statement not essential to the determination of the case. A holding, in contrast, is "[a] court's determination of a matter of law pivotal to its

decision." *Black's Law Dictionary* 737 (7th ed. 1999). The Ninth Circuit's conclusion on the copyright issue before it in *Allarcom* was very much a part of its holding. The court ruled that the Copyright Act did not preempt the state law claims at issue because the Act did not govern the satellite transmission of copyrighted material from the United States to Canada. Because an opposite conclusion would have changed the outcome of the litigation entirely (by preempting the plaintiff's state law claims), the rule of law stated in *Allarcom* is unquestionably a holding. Notably, neither the Second Circuit nor the District Court below rejected *Allarcom's* reasoning because it was dictum, but because these courts disagreed with its holding. *See* Pet. at 29a ("The Court is aware that the Ninth Circuit takes a different view."); Pet. at 6a ("The Court of Appeals for the Ninth Circuit has suggested a different result."). The direct conflict with the Second Circuit cannot be so easily dismissed.

The NFL also seeks (at 5-6) to portray *Allarcom* as a forgotten child, neglected even by the Ninth Circuit itself. Subsequent case law belies this assertion. As PrimeTime 24 observed in its Petition, the Ninth Circuit has at least twice reaffirmed the core copyright principles articulated in *Allarcom*. *See Los Angeles News Serv. v. Reuters Television Int'l*, 149 F.3d 987 (9th Cir. 1998); *Leisure Time Entm't, Inc. v. Cal Vista*, 185 F.3d 867, 1999 WL 459579 (9th Cir. 1999)(unpublished decision); *see also Los Angeles News Serv. v. Conus Communications Co. Ltd. P'ship*, 969 F. Supp. 579, 583 (C.D. Cal. 1997) (*Allarcom* does not prohibit application of the United States Copyright Act to Canadian television transmissions that reach the *American* public). That the Ninth Circuit distinguished *Allarcom* on the facts in *LA News Service v. Reuters* does not support the NFL's intimation that *Allarcom* is not good law. To the contrary, that the court of appeals considered it important to

distinguish *Allarcom* establishes that the court considered the rule stated in *Allarcom* to have continuing vitality.

Moreover, contrary to the NFL's assertion (at 6), the Ninth Circuit's adoption in *LA News Service v. Reuters* of the Second Circuit's rule in *Update Art, Inc. v. Modiin Publishing, Ltd.*, 843 F.2d 67 (2d Cir. 1988), does not vitiate the holding of *Allarcom*. The Ninth Circuit made clear that it was confronting a different situation from *Allarcom*, and was merely adopting the established rule that a domestic infringing act (in that case, an unauthorized copying) that enables further infringements abroad can form the basis for awarding damages based on both the domestic and the foreign infringements. 149 F.3d at 992 ("The Second Circuit rule would not permit application of American law to 'acts of infringement that take place entirely abroad'") (citation omitted). As explained below, however, the absence of any infringement under U.S. law renders *Update Art* and *LA News Service v. Reuters* inapplicable to this case.

In a further effort to belittle *Allarcom*, the NFL contends (at 5) that the Ninth Circuit "did not address the governing language of the Copyright Act [or] its legislative history." As PrimeTime 24 explained in its Petition (at 11-12), the same observation can be made of the Second Circuit's decision in this case. Review and clarification by this Court is, therefore, vital. Further, the NFL's observation that no other appellate court has followed *Allarcom* ignores the fact that until the NFL's lawsuit against PrimeTime 24, the issues presented by *Allarcom* and this case had not been addressed by another circuit court. Now, however, the two circuits encompassing the headquarters of most major media and entertainment companies have spoken in direct conflict.

Finally, the NFL's suggestion (at 15) that *Allarcom* has been the subject of "non-judicial" criticism undermines the NFL's argument that the decision is inconsequential. If, as the NFL suggests, *Allarcom* is meaningless, why have leading commentators considered it important to discuss, and why did

four television networks and the other major sports leagues submit amicus briefs addressing it to the Second Circuit? In any event, the NFL's argument is beside the point. The issue is not what some scholars may think would be the "right" answer, but rather what result is compelled by the law that Congress crafted. Because the Second Circuit has stretched the text of the Copyright Act beyond the breaking point, the intervention of this Court is necessary.

B. The Second Circuit's Decision Is Inconsistent With The Language And Intent Of The Copyright Act.

The NFL's argument (at 7) that the "court of appeals' decision is plainly correct" rests on the assumption that *intra*national copyright rules can be exported to the *inter*national arena. A review of the language of the Copyright Act, its legislative history and the case law cited by the NFL reveals the flaws in that assumption, and that the Second Circuit's decision countenances an unjustifiable extraterritorial application of U.S. law.

The NFL contends that this case is "about illegal transmissions in the United States." But the mere fact that PrimeTime 24 transmitted copyrighted works from the United States to satellite whence those transmissions were then relayed to Canada does not ipso facto expose PrimeTime 24 to liability under the Copyright Act. Section 106 of the Copyright Act sets out the six exclusive rights copyright holders enjoy, including the rights to copy, publicly perform and publicly display. 17 U.S.C. § 106. As even the NFL is forced to acknowledge (at 8-9), the only way PrimeTime 24 can be found liable for copyright infringement is if it infringed one of these six rights. *See* 2 David Nimmer & Melville B. Nimmer, *Nimmer on Copyright* § 8.02[A] (2000).

The parties agree that the only conceivable rights which may have been infringed are the NFL's exclusive rights to publicly perform and/or display League games. *See* Pet. at 2; Opp. at i. Because the NFL does not and cannot claim that

the performance before a Canadian audience violates U.S. copyright laws, it *must* argue that "PrimeTime 24's capture and retransmission of game telecasts occurred in the United States and constituted an act of infringement here." Opp. at 13-14. But a transmission such as the one the NFL attacks is, without more, not sufficient to create a public performance or display. Instead, the transmission must reach a legally relevant public before a finding of infringement will lie. This is made explicit in section 101 of the Act, in which performing or displaying a work "publicly" is defined to mean "*to transmit* or otherwise communicate a performance or display of the work . . . ***to the public***, by means of any device or process . . . ." 17 U.S.C. § 101 (emphasis added). The House Report accompanying the Copyright Act likewise confirms it is the transmission *to the public* that is the exclusive right under section 106:

> Each and every method by which sounds or images comprising a performance or display are picked up and conveyed is a 'transmission,' and ***if the transmission reaches the public*** in any form, the case comes within the scope of clauses (4) and (5) of Section 106 [i.e., can constitute an infringing public performance or display.]

H.R. Rep. No. 94-1476 (1976), *reprinted in* 1976 U.S.C.C.A.N. 5659, 5678 (emphasis added).

Thus, under the text of the Act and its legislative history, a transmission may only be an act of infringement if that transmission reaches a public of which the Copyright Act takes cognizance. In light of the undisputed axiom that the United States Copyright Act does not apply abroad, *see Update Art, Inc.*, 843 F.2d at 73; *see also Subafilms, Ltd. v. MGM-Pathe Communications Co.*, 24 F.3d 1088, 1095 (9th Cir.), *cert. denied*, 510 U.S. 1001 (1994), the relevant public under sections 101 and 106 can only be the United States public. *See Robert Stigwood Group Ltd. v. O'Reilly*, 530 F.2d 1096, 1101 (2d Cir. 1976) (performances before the Canadian public do not count for the purpose of determining

amount of statutory damages), *cert. denied*, 429 U.S. 848 (1976). Put another way, transmissions to foreign audiences do not reach "the public" as that term is used in the Act and, therefore, are not copyright infringements.

The NFL's opposition glosses over this fundamental point. According to the NFL, in deciding whether an intermediate transmission to satellite can constitute an infringing "public" performance, "it makes no difference" whether the public that ultimately views the work is in Canada or the United States. Opp. at 13. The distinction, however, makes all the difference in the world. The dispute in this case involves only receipt of satellite signals by the Canadian public, a public which is, simply put, irrelevant in determining the existence of an actionable "public" performance under the United States Copyright Act. *See Robert Stigwood, supra.*

The ultimate destination of the disputed signals also confirms the irrelevance of the other circuit court cases cited by the NFL. *See* Opp. at 11-13. As PrimeTime 24 pointed out in its Petition (at 9-11), every one of the cases the NFL cites involved only transmissions that began and ended in the United States. *See, e.g., WGN Cont'l Broad. Co. v. United Video, Inc.*, 693 F.2d 622 (7th Cir. 1982). Since the transmissions at issue in these cases all ultimately reached only the American public, it was uncontroversial for the courts of appeals to conclude that each intermediate transmitter who formed a link in the transmission chain could be said to have "publicly" performed the works. Where, as here, there is no legally relevant public at the end of the transmission chain, however, it would be illogical to find an intermediate transmitter liable for a "public" performance.

PrimeTime 24's uplink transmission to satellite cannot be an infringing act for still another reason. As PrimeTime 24 discussed in its Petition (at 3-4), the "footprint" of the satellites PrimeTime 24 uses pursuant to its SHVA license also covers Canada. The uplink transmission by which PrimeTime 24 serves both the U.S. and Canada is thus one

and the same. Since that uplink transmission is legal, indeed necessary, for PrimeTime 24 to implement its SHVA license, it would be absurd to find that one and the same act is both legal and illegal at the same time. *See Leisure Time Entm't*, 1999 WL 459579 at *1 ("As appellants had the right to make and distribute copies of the works in the United States, no infringing act was completed prior to the distribution of those works overseas").

Moreover, general principles of copyright law do not, as the NFL suggests (at 14-15), support the Second Circuit's decision. The NFL argues that there is no difference between making videotapes in the United States of NFL game telecasts for rebroadcast abroad and the transmission of such telecasts from the United States to satellite for further retransmission abroad. But, the difference between these two examples highlights precisely why the Second Circuit's decision violates "eighty years of consistent jurisprudence" that the United States Copyright Act cannot apply extraterritorially without "further guidance from Congress." *Subafilms*, 24 F.3d at 1095. In the NFL's first example, as well as in each of the cases relied upon by the NFL to support its point (*LA News Service v. Reuters, supra, Update Art, supra,* and *Sheldon v. Metro-Goldwyn Pictures Corp.*, 106 F.2d 45 (2d Cir. 1939)), the defendant had committed an infringing act in the United States, namely, the unauthorized *copying* of copyrighted works in violation of the exclusive right to make photocopies set forth in section 106(1) of the Act. 17 U.S.C. § 106(1). As the Ninth Circuit explained in *Subafilms*, however, liability in these types of cases is based "on the theory that the infringing use would have been actionable *even if* the subsequent foreign distribution that stemmed from that use never took place." 24 F.3d at 1094 (emphasis in original)(distinguishing *Update Art*). Here, however, there is no act of infringement that is completed in the United States. If, for example, PrimeTime 24 had merely captured League telecasts and transmitted the signals to a

satellite, without any further retransmission to Canada, the NFL would plainly have no claim for infringement. Thus, the United States Copyright Act cannot address PrimeTime 24's conduct.

This does not mean that the NFL would be without recourse in United States courts, as it alleges. The NFL could have sued PrimeTime 24 in the Southern District of New York for alleged copyright infringement under the laws of Canada, or under the laws of any other nations in which it believes its rights are implicated. *See, e.g., London Film Prods., Ltd. v. Intercont'l Communications, Inc.*, 580 F. Supp. 47 (S.D.N.Y. 1984)(applying British copyright law in claim for infringement against American defendant). Left unsaid in its opposition is the reason why the NFL cannot abide this result, namely, that the copyright laws of Canada grant PrimeTime 24 a statutory license to retransmit copyrighted works to the Canadian public in exchange for a compulsory royalty payment to a Canadian copyright collective. *See* Pet. at 12-13.

C. The Satellite Home Viewer Act Does Not Provide Alternative Grounds For Denying The Petition.

Seeking to dodge the critical issue raised by the Petition, the NFL attempts to resuscitate an argument actually *rejected* by the court of appeals—that SHVA provides an independent basis for finding PrimeTime 24 liable for infringement. The League's argument is not only procedurally anomalous, but is grounded in a total misinterpretation of the language and purpose of SHVA, which was enacted to ensure "unserved households" in the U.S. had access to television broadcasts. *See* 17 U.S.C. § 119.

Section 119(a)(7) of SHVA grants a statutory license to retransmit signals to certain households "located in the United

States." 17 U.S.C. § 119(a)(7). The District Court below found that this section acted as an affirmative prohibition preventing PrimeTime 24 from transmitting NFL games outside the United States. Pet. at 33a-36a. The Second Circuit, however, expressly declined to adopt the NFL's argument that SHVA prohibits PrimeTime 24's retransmissions to Canada. Pet. at 7a-8a.

The NFL now seeks to give the section 119(a)(7) argument new life as a basis for denying PrimeTime 24's Petition. Its reasoning appears to be that because the Second Circuit could have arrived at the same result in this case without creating a conflict with the Ninth Circuit, this Court need not concern itself with the split that now exists between the two courts. Because the Second Circuit rejected the SHVA argument as a basis for its ruling, however, and chose instead to disagree with *Allarcom*, there is no way to avoid the conflict.

Moreover, it would be illogical for this Court to deny the writ based on the NFL's reading of SHVA. If this Court were to let the Second Circuit's decision stand without further review, then it would leave intact that portion of the Second Circuit's ruling that SHVA does not speak to the issue of the international retransmission of satellite signals. Yet, the rationale for letting that ruling stand—that SHVA prohibits international transmissions—would contradict the very ruling that was being allowed to stand.

In any event, a plain reading of the statute makes clear that SHVA does not address PrimeTime 24's transmissions to Canada. As noted above, SHVA creates a statutory license authorizing the transmission of signals to certain "households located in the United States." 17 U.S.C. § 119(a)(7). The statute simply does not speak to the issue presented here, *i.e.*, whether the U.S. Copyright Act bars retransmission of such signals to Canada.

The NFL's argument is also at odds with the structure of the Copyright Act. Section 106 of the Act grants copyright holders certain exclusive rights. 17 U.S.C. § 106. Sections

107 through 122 all contain *limitations* on those rights. *See* 17 U.S.C. §§ 107-122. SHVA is one such limitation, creating a statutory license for certain domestic satellite television retransmissions. *See* 17 U.S.C. 119 (captioned "Limitations on Exclusive Rights"). To read a section that was intended to limit the rights of copyright holders such as the NFL as an unprecedented global expansion of those rights would turn the section on its head. Instead, as the Second Circuit observed, in enacting SHVA, Congress was concerned with the accessibility of broadcast television signals to certain Americans, s*ee* H.R. Rep. No. 100-887(II), (1988), *reprinted* in 1988 U.S.C.A.A.N. 5638, 5643-44, and courts should not read into SHVA "more . . . than Congress put into it." Pet. at 8a.

The NFL's reliance on the Berne Convention is also misplaced. As the NFL observes (at 18), under the Berne Convention, the United States may not grant a statutory license forcing copyright holders to accept the retransmission of television broadcasts abroad. *See* S. Rep. No. 100-352 (1988), *reprinted in* 1988 U.S.C.A.A.N. 3706, 3731 (noting that "Article 11 *bis* [of the Berne Convention] permits compulsory licenses for broadcasting which . . . *have no extraterritorial application* . . . .")(emphasis added). With SHVA, Congress has not purported to grant a compulsory license with extraterritorial application. Instead, SHVA does precisely what the Berne Convention contemplates—it grants a statutory license within the United States. It is the NFL, not PrimeTime 24, that seeks to apply SHVA, a domestic statute, beyond the territorial limits of the United States, by arguing that it prohibits the extraterritorial retransmission of satellite signals. But section 119(a)(7) was never meant to bear the weight the NFL puts on it, as the Second Circuit recognized. The NFL's alternative argument provides no basis for denying the writ.

CONCLUSION

The Petition should be granted.

Respectfully submitted,

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